

U.S. Department of Education

**Staff Report
to the
Senior Department Official
on
Recognition Compliance Issues**

RECOMMENDATION PAGE

1. **Agency:** North Central Association Of Colleges and Schools, The Higher Learning Commission (1952/2007)

(The dates provided are the date of initial listing as a recognized agency and the date of the agency's last grant of recognition.)

2. **Action Item:** Compliance Report

3. **Current Scope of Recognition:** The accreditation and preaccreditation ("Candidate for Accreditation") of degree-granting institutions of higher education in Arizona, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia, Wisconsin, and Wyoming, including the tribal institutions and the accreditation of programs offered via distance education within these institutions. This recognition extends to the Institutional Actions Council jointly with the Board of Trustees of the Commission for decisions on cases for continued accreditation or reaffirmation, and continued candidacy. This recognition also extends to the Review Committee of the Accreditation Review Council jointly with the Board of Trustees of the Commission for decisions on cases for continued accreditation or candidacy and for initial candidacy or initial accreditation when there is a consensus decision by the Review Committee.

4. **Requested Scope of Recognition:** Same as above.

5. **Date of Advisory Committee Meeting:** December, 2012

6. **Staff Recommendation:** Accept the report.

7. **Issues or Problems:** None.

EXECUTIVE SUMMARY

PART I: GENERAL INFORMATION ABOUT THE AGENCY

The Higher Learning Commission (HLC or the agency) is a regional institutional accreditor that accredits (or preaccredits) over 1,000 degree granting institutions in 19 states, tribal institutions and including those programs offered via distance education within these institutions.

Most of the institutions accredited by HLC use the Secretary's recognition of the agency to establish eligibility to participate in the Title IV, HEA student financial assistance programs. Therefore, the agency must meet the separate and independent requirements.

The current recognition of HLC extends to the Institutional Action Council jointly with the Board of Trustees for decision on cases for continued accreditation or reaffirmation, and continued candidacy. The Secretary's recognition also include the Review Committee of the Accreditation Review Council, jointly with the Board of Trustees for decisions on cases for continued accreditation or candidacy and for initial candidacy or initial accreditation when there is a consensus decision by the Review Committee.

Recognition History

HLC received initial recognition in 1952 and has received periodic renewal of recognition since that time. The last full review of the agency was conducted in December 2007, at which time the National Advisory Committee on Institutional Quality and Integrity (NACIQI or the Committee) recommended and the Secretary concurred that the agency's recognition be renewed for five-years and that it submit an interim report by December 19, 2008 addressing the six issues identified in the staff analysis. The agency submitted its report, as required, but due to the passage of the HEOA, the agency's report was on hold until the NACIQI was reconstituted. Due to the lapse in time, the agency was allowed to submit updated information for review as part of its interim report.

In the interim, in 2009, Department staff conducted a special review of the agency following issuance of an Alert Memorandum by the Office of the Inspector General. Department staff sent the agency a report on the results of its review, which required the agency to develop a corrective action plan. One element of that plan was a requirement that the agency review and modify, as appropriate, substantive change policies, developing clear written procedures

with internal controls consistent with stated procedures to assess exceptional circumstances, and demonstrate implementation of the specific procedures to deal with changes in ownership resulting in a change in control. This information was considered in the review of the interim report by Department staff.

The agency's interim report and its response to the special review, as applicable, were reviewed by NACIQI in December 2010. At that time, the Committee and Department staff recommended that the interim report be accepted and that the agency responded satisfactorily to the requirement contained in the corrective action plan issued by the Department. The Committee and Department staff also found the agency out of compliance with one new regulatory requirement, and recommended the continued recognition of the agency and that it come into compliance within 12 months and submit a compliance report on the one new issue. The senior Department official, Assistant Secretary Ochoa, concurred with the recommendations. This compliance report is in response to that requirement.

PART II: SUMMARY OF FINDINGS

§602.22 Substantive change.

(viii) (A) If the agency's accreditation of an institution enables it to seek eligibility to participate in title IV, HEA programs, the establishment of an additional location at which the institution offers at least 50 percent of an educational program. The addition of such a location must be approved by the agency in accordance with paragraph (c) of this section unless the accrediting agency determines, and issues a written determination stating that the institution has--

(1) Successfully completed at least one cycle of accreditation of maximum length offered by the agency and one renewal, or has been accredited for at least ten years;

(2) At least three additional locations that the agency has approved; and

(3) Met criteria established by the agency indicating sufficient capacity to add additional locations without individual prior approvals, including at a minimum satisfactory evidence of a system to ensure quality across a distributed enterprise that includes--

(i) Clearly identified academic control;

(ii) Regular evaluation of the locations;

(iii) Adequate faculty, facilities, resources, and academic and student support systems;

(iv) Financial stability; and

(v) Long-range planning for expansion.

(B) The agency's procedures for approval of an additional location, pursuant to paragraph (a)(2)(viii)(A) of this section, must require timely reporting to the agency of every additional location established under this approval.

(C) Each agency determination or redetermination to preapprove an institution's addition of locations under paragraph (a)(2)(viii)(A) of this section may not exceed five years.

(D) The agency may not preapprove an institution's addition of locations under paragraph (a)(2)(viii)(A) of this section after the institution undergoes a change in ownership resulting in a change in control as defined in 34 CFR 600.31 until the institution demonstrates that it meets the conditions for the agency to preapprove additional locations described in this paragraph.

(E) The agency must have an effective mechanism for conducting, at reasonable intervals, visits to a representative sample of additional locations approved under paragraph (a)(2)(viii)(A) of this section.

Previous Issue or Problem: Within the agency's compliance report reviewed in December 2010, Department staff noted that requirements regarding agency approval of additional locations under this section of the regulations were expanded to include an optional approval process that the agency could implement if the institution met certain criteria concerning additional locations. The agency adopted revised policy language to reflect these regulatory changes in June 2010, and developed a specific process ("Notification") for approving additional locations in this regard. However, the agency did not provide documentation of its review and approval of requests to establish additional locations under the requirements of this section.

Discussion: In response to the Department's finding, the agency provided examples of three institutions that have completed the Notification review process for additional locations. The examples include one institution whose application to the program was denied and two institutions whose applications were approved. The agency provided all aspects of the review process, to include the application, application review by the agency, and approval or denial by the decision-making body, for each example provided. Although the examples do not include documentation of the establishment of an additional location since entering the program (to include use of the online MACRO system to notify the agency of any new additional locations), the examples do demonstrate that the agency has implemented its comprehensive Notification program, which meets the requirements of this section.

PART III: THIRD PARTY COMMENTS

The Department did not receive any written third-party comments regarding this agency.